MT LEGISLATIVE HISTORY

Chapter 723 1985

Bill (H) 567 S _____ Original bill & hist. ✓ C

H. Committee on Business & Labor

Hearing Date(s) FEB 13 ✓C
FEB 21 ✓C
FEB 23 ✓C
_____ ___C

Date Out FEB 23 ✓C

S. Committee on Business & Industry

Hearing Date(s) MAR 21 ✓C
MAR 26 ✓C
_____ ___C
_____ ___C

MAR 26 ✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

HOUSE BILL NO. 567

INTRODUCED BY SCHULTZ, SIMON, ERNST, HANSON, MCCORMICK, COMPTON, PECK, JENKINS, PISTORIA, DEVLIN, J. HAMMOND, PATTERSON, IVERSON, GARCIA, REAM, O'CONNELL, GLASER, BACHINI, HANSEN

IN THE HOUSE

January 30, 1985	Introduced and referred to Committee on Business and Labor.
February 23, 1985	Committee recommend bill do pass as amended. Report adopted.
February 25, 1985	Bill printed and placed on members' desks.
February 26, 1985	Motion pass consideration.
	On motion, bill placed on second reading this day.
February 27, 1985	Second reading, do pass.
	On motion, rules suspended and bill placed on third reading this day.
	Third reading, passed.
	Transmitted to Senate.

IN THE SENATE

March 5, 1985	Introduced and referred to Committee on Business and Industry.
March 28, 1985	Committee recommend bill be concurred in as amended. Report adopted.

March 30, 1985	Second reading, concurred in.
April 1, 1985	Third reading, concurred in. Ayes, 48; Noes, 0.
	Returned to House with amendments.

IN THE HOUSE

April 2, 1985	Received from Senate.
April 8, 1985	Second reading, amendments concurred in.
	On motion, rules suspended and bill placed on third reading this day.
	Third reading, amendments concurred in.
	Sent to enrolling.
April 12, 1985	Correctly enrolled.
April 15, 1985	Signed by President.
	Signed by Speaker.
	Delivered to Governor.
April 19, 1985	Returned from Governor with recommended amendments.
April 20, 1985	Second reading, Governor's amendments concurred in.
April 22, 1985	Third reading, Governor's amendments concurred in.
	Governor's amendments transmitted to Senate.

IN THE SENATE

April 22, 1985	Received from House.
April 24, 1985	Second reading, Governor's amendments concurred in.
April 25, 1985	Third reading, Governor's amendments concurred in.
	Returned to House.

IN THE HOUSE

April 25, 1985	Received from Senate.
	Sent to enrolling.
	Reported correctly enrolled.

HOUSE BILL NO. 567

INTRODUCED BY [signatures]

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING LIFE AND DISABILITY INSURANCE COMPANIES TO SEND WRITTEN CANCELLATION NOTICES BEFORE CANCELING POLICIES FOR NONPAYMENT OF PREMIUMS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Notice required for cancellation. No insurer may cancel a life insurance policy, certificate of insurance, or annuity for nonpayment of premiums until the insurer has mailed or delivered to the named insured at the address shown in the policy two written notices of cancellation, not less than 10 days apart, followed by a certified letter or phone call, not more than 5 days before the cancellation, stating the date the cancellation will become effective, which may not be less than 30 days after the date of mailing or delivery of the first notice.

Section 2. Notice required for cancellation. No insurer may cancel a disability insurance policy or certificate of insurance for nonpayment of premiums until the insurer has mailed or delivered to the named insured at the address shown in the policy two written notices of cancellation, not less than 10 days apart, followed by a certified letter or phone call, not more than 5 days before the cancellation, stating the date the cancellation will become effective, which may not be less than 30 days after the date of mailing or delivery of the first notice.

Section 3. Extension of authority. Any existing authority of the commissioner of insurance to make rules on the subject of the provisions of this act is extended to the provisions of this act.

Section 4. Codification instruction. (1) Section 1 is intended to be codified as an integral part of Title 33, chapter 20, part 1, and the provisions of Title 33, chapter 20, apply to section 1.

(2) Section 2 is intended to be codified as an integral part of Title 33, chapter 22, part 1, and the provisions of Title 33, chapter 22, apply to section 2.

-End-

LC 1341/01

INTRODUCED BILL
HB567

(To be kept current -- post bills when entering being heard or leaving committee.) Form CS-32

STATUS SHEET

49TH LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND LABOR

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
474	1-25	2-12/2-13	2-13			2-13			
475	1-25	2-12	2-12			2-12			
477	1-25	2-12/2-13	2-13		2-13				
479	1-25	2-19/2-23		TABLED	(SUBCOMMITTEE)				
485	1-25	2-12/2-13	2-13		2-13				
487	1-25	2-12	2-12	2-12					
492	1-26	2-1	2-1			2-1			
499	1-26	2-1/2-4		TABLED AS AMENDED					
527	1-28	2-11/2-13 3-8	2-13		2-13				
552	1-29	2-8/2-12		TABLED					
554	1-29	2-8/2-14 2-19	2-19			2-19			
559	1-30	2-14		TABLED					
561	1-30	2-15/2-20	2-20			2-20			
562	1-30	2-15/2-20		TABLED					
563	1-30	2-15/2-20	2-20	2-20					
567	1-30	2-13/2-21 2-23	2-21			2-21			

Use a separate sheet for Senate, House Bills, and Resolutions

Mr. Majerus also said the proposed legislation would provide an appropriate penalty for violation of motor vehicle sales and distribution laws. He noted that the only penalty the division can now impose is revocation of the dealer's license, which is "too severe a penalty" in most cases.

Tom Harrison, representing the Montana Auto Dealers Association, spoke in support of the bill. He said it would provide "a level playing field" for everyone in the auto sales business, and said the industry is not afraid of record audits.

No opponents spoke against HB 606.

Rep. Campbell closed, saying the legislation would topple those people who use a dealer's license as a means to cheaply license a lot of vehicles intended for their own use.

Hearing was closed on HB 606.

HOUSE BILL 567: Rep. James Schultz, District 30, introduced HB 567, which he sponsored. He said the bill addresses a problem faced by several senior citizens in his district, that of cancellation of insurance benefits without the clear knowledge of the policy-holder. He said that notices received in the mail may not get due attention, especially from older people. He said that to these people, a policy cancellation can be especially devastating. The bill would simply require a reasonable, uniform process for cancellation of insurance coverage, he said. Rep. Schultz said the representatives of the insurance industry have asked him that action on the bill be postponed until they have had a chance to thoroughly examine the proposal. He said he would be open to ideas on how to provide adequate notice to older policy holders. A copy of his statement is attached hereto as Exhibit 4.

No other proponents spoke in support of HB 567.

Lester Loble, representing the American Council of Life Insurance, spoke against HB 567. He said the policy holder should bear the responsibility of keeping track of cancellation notices issued. He said that notice as required under HB 567 would be "administratively difficult" and create additional expense. He said that it is in the interest of both the company and the agent to make sure that notification

is received and the policy is paid. A copy of his testimony is attached hereto as Exhibit 5.

There being no further opponents, Rep. Schultz closed. He said he has no vested interest in the issue, but feels that the state should consider and adopt a uniform standard for insurance companies to follow in cancelling policies.

Hearing was closed on HB 567, and the committee went into executive session to act on bills heard.

EXECUTIVE SESSION

HOUSE BILL 85: Rep. Thomas moved DO PASS on HB 85. The motion carried, with Reps. Pavlovich, Hart and Nesbit voting no.

HOUSE BILL 606: Rep. Wallin moved DO PASS on HB 606, which carried unanimously.

HOUSE BILL 618: Rep. Brandewie moved DO PASS on HB 618, which carried unanimously.

HOUSE BILL 658: Rep. Kitselman moved DO PASS on HB 658, which carried unanimously.

HOUSE BILL 662: Rep. Kitselman moved DO PASS on the proposed amendments to HB 662, which carried unanimously. He then moved DO PASS on HB 662 as amended, which also carried unanimously.

HOUSE BILL 707: The committee agreed to hold HB 707 until it received the anticipated "plumbers' bill."

HOUSE BILL 759: Rep. Thomas moved DO PASS on HB 759, which passed unanimously.

HOUSE BILL 718: Rep. Kitselman made a MOTION TO RECONSIDER the committee's earlier action on HB 718. That motion was carried 11-9 on a roll call vote. (See attached record.) Rep. Kitselman then proposed a DO PASS motion on the amendments proposed for HB 718 by the Dept. of Administration. The motion on amendments was approved in a voice vote, with Reps. Bachini, Driscoll, Nisbet and Pavlovich opposed.

Rep. Kadas moved to amend HB 718 by striking the new language that had been inserted on page 3, lines 8-11. That motion carried unanimously.

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/13/85

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich			
Les Kitselman	X		
Bob Bachini	X		
Ray Brandewie	X		
Jan Brown	X		
Jerry Driscoll	X		
Robert Ellerd	X		
William Glaser	X		
Stella Jean Hansen	X		
Marjorie Hart	X		
Ramona Howe	X		
Tom Jones	X		
Mike Kadas	X		
Vernon Keller	X		
Lloyd McCormich	X		
Jerry Nisbet	X		
James Schultz	X		
Bruce Simon	X		
Fred Thomas	X		
Norm Wallin	X		

HB 567

Exhibit 4
2/13/85

Mr. Chairman and Members of the Committee

For the record, my name is James Schultz, Rep.-Dist. 30-Lewistown.

Members of the committee.

House Bill 567 addresses a problem of several senior citizens in my district. That problem is having insurance policies cancelled on brief notice or short notice.

I realize that as we age we may not be as sharp as we were at a younger age and notices may go unnoticed or not paid promptly.

I have no vested interest in the manner that I have placed in this bill regarding proper notice to policy holders. But I can tell you of the devastating effect a policy cancellation has on someone over 60 years of age.

In many cases they have health conditions that developed in later years. Diabetes, high blood pressure and various and sundry other health problems.

In order for these people to be reinsured they must pass a physical examination - this they cannot do - or they can purchase insurance with either a 1 or 2 year preexisting condition clause, which does them very little good.

This is a Good Guy Bad Guy bill. I believe that most insurance companies are honorable, responsible businesses and I am not casting any aspersions on the good guys but lets look at the facts - when you consider the age of the policy holder the insurance company is actuarily better off without the older policy holder.

All we are asking for is a reasonable process before the insurance is cancelled.

Exhibit 5
2/13/85

STATEMENT IN OPPOSITION TO HB 567
REGARDING CANCELLATION NOTICES FOR INSURANCE POLICIES

The American Council of Life Insurance is opposed to HB 567 because there is adequate statutory safe guard for policyholders at the present time. A policyholder, as in any other commercial transaction, must undertake some responsibility for payment of the charge. Requiring three notices, one of them being a certified letter or a telephone call, is not a reasonable requirement.

The present law requires:

For life insurance:
A 30-day grace period for payment of premium--33-20-104
A policy loan provision at the option of the policyholder to provide for an automatic premium loan in the event of non-payment. 33-20-109
Mandatory reinstatement within 3 years upon proof of insurability, payment of all premiums in arrears, payment of other indebtednesses plus interest -- 33-20-112
Nonforfeiture benefits whereby a policy held for more than a year has a paid up benefit which cannot be forfeited by lapse of the policy -- 33-20-117 and 33-20-202.

For Annuities:
30-day grace period -- 33-20-302
Reinstatement within 1 year after default -- 33-20-307
Nonforfeiture provisions which specify a paid up annuity benefit. 33-20-503.

For Group Life:
A 31-day grace period -- 33-20-1202
A conversion privilege -- 33-20-1210

As to Disability Insurance:
A grace period ranging from 7 to 30 days depending upon the insurance -- 33-22-206
Reinstatement if the premium is accepted by the insurer or reinstatement upon application for reinstatement -- 33-22-207
An optional provision whereby upon payment of a claim the amount of unpaid premiums can be set off against the amount of payment of the claim -- 33-22-228.

With regard to Group Health there is a provision for conversion in the event that coverage is terminated on account of termination of the business, termination of employment, etc. 33-22-508.

VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEE

BILL NO. House Bill 567 DATE February 13, 1985

SPONSOR Representative SCHULTZ

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
LES LOBLE	Am Council of Life Ins		✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 21, 1985

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich on February 21, 1985 at 7:00 a.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present.

ACTION ON HOUSE BILL 657: Representative Kadas moved DO PASS on House Bill 657. Representative Driscoll stated that this is unconstitutional per Dennis Lopach of Mountain Bell. Representative Kadas added that a few states allow a request every two years. Representative Kitselman offered a substitute motion that House Bill 657 be TABLED. The motion was then withdrawn. Following discussion, Representative Kitselman offered a substitute motion that House Bill 657 be TABLED. The motion did carry with Representatives Bachini, Brown, Driscoll, Hansen, Howe, Kadas and Pavlovich voting no. House Bill 657 is TABLED.

ACTION ON HOUSE BILL 666: Representative Kadas moved DO PASS on House Bill 666. Representative Glaser stated that the definition of utility covers all small plants, including water and power. Representative Kitselman moved to amend on page 2, line 25 to delete nonresidential. Representative Kadas offered a substitute motion that House Bill 666 be TABLED. The motion did carry by an unanimous vote. House Bill 666 is TABLED.

ACTION ON HOUSE BILL 811: Representative Jones moved DO PASS on House Bill 811. Representative Driscoll explained that amendments to the bill are being worked on. Representative Jones withdrew his motion.

ACTION ON HOUSE BILL 567: Representative Schultz moved DO PASS on House Bill 567 and then moved the amendments that are attached hereto as Exhibit 1. Representative Schultz explained that the amendment is present in approximately 17 other states. Representative Kitselman added that there is not a great deal of difference between what is happening now and what is amendment proposes. The amendment did PASS by unanimous vote. House Bill 567 DO PASS AS AMENDED with all but Representative Nisbet voting yes.

ACTION ON HOUSE BILL 402: Representative Wallin moved that House Bill 402 be taken from the table and reconsidered. A voice vote defeated the motion.

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date Feb. 21, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormich	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

Exhibit 1
2/21/85
HB567

Amendments to House Bill 567, Introduced Bill

1) Page 1, line 1 through Page 2, line 4
Strike: Sections 1 and 2 in their entirety

2) Page 2, line 5
Following: line 4
Insert: "Section 1. An insurance company doing business in this state may not declare any life insurance policy or any noncancellable or guaranteed renewable disability insurance policy owned by a resident of this state forfeited or lapsed within 6 months after default in payment of any premium, installment or interest, unless a written or printed notice stating the amount of the premium, installment or interest due on such policy, the place where it must be paid and the name and address of the person or company to which the premium is payable, was addressed and mailed with the required postage affixed, to the policy owner at his last known post office address as shown by the records of the insurance company, on or before the day the premium was due and payable, before the beginning of the period of grace. The notice must also state that unless the premium or other sums are paid to the company or its agent the policy will lapse or be forfeited except as to the nonforfeiture options as may be provided for by any life insurance policy. "Policy owner" as used means the owner of the policy, or other person designated as the person to receive premium notices, all as shown by the records of the insurance company. The affidavit of any responsible officer, clerk or agent of the insurance company authorized to mail the notice that it is the standard practice of the company to address and mail to policy owners the notice required by this section is prima facie evidence that the notice has been duly given. No action may be maintained to recover under a lapsed or forfeited policy on the ground that the insurance company failed to comply with this section, unless the same is instituted within 2 years from the due date upon which default was made in paying the premium, installment or interest for which it is claimed that lapse or forfeiture ensued. This section does not apply to group or group-type policies, to industrial life or industrial disability policies, to any policies upon which premiums are payable monthly or at more frequent intervals or to policies the premiums for which are billed to and payable through an employer."
Renumber: subsequent sections

Proponent Jack Sherick, representing MHD, explained that the money coming into the state to enhance science and technology creates jobs. The development is an excellent opportunity to get federal dollars into the state.

Representative Bob Pavlovich stated that he wished to be put on record as a proponent to this bill.

Opponent John LaFaver, representing the Department of Revenue, explained that research should not be tax exempt and that the impact would be $350,000 to the general fund. We should not single out one California firm who owes tax, has owed tax and refuses to pay. This will create a poor tax precedent for the state, added Mr. LaFaver.

In closing, Representative Brown explained that this would apply to one facility only that was constructed in 1976. At that time, the 1% tax was not withheld by the state and the federal government is backing up the claim that the tax is not owed. The competition is tough and Montana needs every edge they can get, stated Representative Brown.

Representative Schultz asked Mr. LaFaver what notification process is used and if this situation happens in other industries. Mr. LaFaver stated that in November, 1984, a tax notice was sent for the years 1978, 1979, 1980 and 1981 plus penalty and interest. The experience with other industries is rare, but is seen occasionally.

Representative Kadas asked Mr. Sherick to explain the situation. Mr. Sherick stated that under direction Keyser cannot pay the taxes due and that they are no longer the contractor. Twenty seven other states currently have this law, added Mr. Sherick.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 901 was closed.

ACTION ON HOUSE BILL 901: Representative Schultz moved DO PASS on House Bill 901 and then moved an amendment on page 2, line 3, following into, strike the remainder of line 3. Representative Wallin seconded the motion which passed unanimously. House Bill 901 DO PASS AS AMENDED by unanimous vote.

ACTION ON HOUSE BILL 567: Representative Schultz made a motion that the committee reconsider their action on House Bill 567 and explained that there were clerical problems with the amendments that were adopted previously. Representative

Schultz's motion did pass unanimously. He then moved the amendments which are attached hereto as Exhibit 5, which passed by a unanimous vote. House Bill 567 DO PASS AS AMENDED unanimously.

ACTION ON HOUSE BILL 880: Representative Glaser moved DO PASS on House Bill 880 and then moved the amendments that are attached hereto as Exhibit 6. Representative Driscoll asked if the concern with numbering the invoices is included, which was correct. House Bill 880 DO PASS AS AMENDED unanimously.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 7:55 a.m.

Rep. Bob Pavlovich
Chairman

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 23, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormich	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

CHAIRMAN--HALLIGAN, MIKE
NORMAL SCHEDULE==> SITE: ROOM 410 DAYS: M-TU-W-TH-F TIME: 10:00 A.M.-12 NOON
SECRETARY-DUVAL, CAROL

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES----------	COMMITTEE ACTION----------	REREFERRED TO COMM----	DATE OUT-
HB0567	3/05	3/21	3/26	CONCUR AS AMENDED		3/26
SCHULTZ, JAMES M.			REQUIRE WRITTEN NOTICE OF CANCELLATION OF LIFE & HEALTH INSURANCE POLICIES			
HB0568	3/04	3/07		CONCUR		3/7
MOORE, JACK K.			7-DAY CREDIT LIMIT ON TOBACCO SALES			
HB0571	3/08	3/20	3/25 3/27	CONCUR AS AMENDED		3/27
BERGENE, TONI R.			MANDATORY LICENSING & REGULATION OF PROFESSIONAL COUNSELORS			
HB0574	2/19	3/18	3/27	CONCUR AS AMENDED		3/27
THOMAS, FRED			LETS PUBLIC UTILITIES CORRECT CUSTOMER BILLING ERRORS BY BACKBILLING 6 MOS.			
HB0577	2/22	3/14	3/21	CONCUR AS AMENDED		3/21
BRADLEY, DOROTHY			DEFINE REGULATED TELECOMMUNICATION SERVICE; ALLOW TRANSITION TO COMPETITION			
HB0598	2/21	3/26	3/27	ADVERSE REPORT		3/27
ASAY, TOM			GIVES PETROLEUM WHOLESALE DISTRIBUTORS SEMI-ANNUAL OPTION ON PRODUCT MEASURE			
HB0602	2/13	3/13	3/14 3/19	CONCUR AS AMENDED		3/19
FRITZ, HARRY			ARTIST-ART DEALER RELATIONSHIP			
HB0606	2/21	3/21		CONCUR		3/21
CAMPBELL, BUD			CLARIFY LAWS ON SALE & DISTRIBUTION OF MOTOR VEHICLES; PROVIDE CIVIL PENALTY			
HB0618	2/19	3/15		CONCUR		3/15
SANDS, JACK			TO RAISE THE LEGAL INTEREST RATE FROM SIX PERCENT TO TEN PERCENT			
HB0658	2/21	3/21		CONCUR		3/21
RAMIREZ, JACK			CREATE JOINT UNDERWRITING ASSOCIATION FOR MEDICAL LIABILITY INSURANCE			
HB0662	2/21	3/21		CONCUR		3/21
KEYSER, KERRY R.			DEFINING SCOPE OF MONTANA SECURITIES LAW			

STANDING COMMITTEE REPORT

February 23 19 85

MR. SPRAKER

We, your committee on BUSINESS AND LABOR

having had under consideration HOUSE Bill No. 567

first reading copy (white color)

REQUIRE WRITTEN NOTICE OF CANCELLATION OF LIFE & HEALTH INSURANCE POLICIES

Respectfully report as follows: That HOUSE Bill No. 567

BE AMENDED AS FOLLOWS:

1. Page 1, line 10 through Page 2, line 4
   Strike: Sections 1 and 2 in their entirety

2. Page 2, line 5
   Following: line 4
   Insert: "NEW SECTION. Section 1. (1) (a) No insurance company doing business in this state may declare any life insurance policy or any noncancelable or guaranteed renewable disability insurance policy owned by a resident of this state forfeited or lapsed within 6 months after default in payment of any premium, installment, or interest unless, on or before the day the premium was due and payable and prior to beginning of the grace period, a written notice was mailed to the policyowner at his last-known address (as shown by the records of the insurance company), stating:

DO PASS

Rep. Robert Pavlovich, Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

(i) the amount of the premium, installment, or interest due on such policy;
(ii) the place where it must be paid; and
(iii) the name and address of the person or company to which the premium is payable.
(b) The notice must also state that unless the premium or other sums are paid to the company or its agent, the policy will lapse or be forfeited, except as to any nonforfeiture options provided for by a life insurance policy.
(2) "Policyowner", as used in this section, means the owner of the policy, or any other person designated as the person to receive premium notices, as shown by the records of the insurance company.
(3) The affidavit of any responsible officer, clerk, or agent of the insurance company authorized to mail the notice that it is the standard practice of the company to mail to policyowners the notice required by this section is prima facie evidence that the notice has been duly given.
(4) No action may be maintained to recover under a lapsed or forfeited policy on the ground that the insurance company failed to comply with this section unless the action is instituted within 2 years from the due date upon which default was made in paying the premium, installment, or interest for which lapse or forfeiture is claimed.
(5) This section does not apply to:
(a) group or group-type policies;
(b) industrial life or industrial disability policies;
(c) policies upon which premiums are payable monthly or at more frequent intervals; or
(d) policies for which the premiums are billed to and payable through an employer."

Renumber: subsequent sections

3. Page 2, lines 13 through 15
Strike: subsection (2) in its entirety

DO PASS AS AMENDED

Rep. Robert Pavlovich, Chairman.

STATE PUB. CO.
Helena, Mont.

Exhibit 5
2/23/85
HB567

House Bill 567

1. Page 1, line 10 through Page 2, line 4
Strike: Sections 1 and 2 in their entirety

2. page 2, line 5
Following: line 4
Insert: "NEW SECTION. Section 1. (1) (a) No insurance company do business in this state may declare any life insurance policy or any noncancelable or guaranteed renewable disability insurance policy owned by a resident of this state forfeited or lapsed within 6 mont after default in payment of any premium, installment, or interest unless, on or before the day the premium was due and payable and prior to beginning of the grace period, a written notice was mailed to the policyowner at his last-known address (as shown by the reco of the insurance company), stating:
(i) the amount of the premium, installment, or interest due on such policy;
(ii) the place where it must be paid; and
(iii) the name and address of the person or company to which the premium is payable.
(b) The notice must also state that unless the premium or other sum are paid to the company or its agent, the policy will lapse or be forfeited, except as to any nonforfeiture options provided for by a life insurance policy.
(2) "Policyowner", as used in this section, means the owner of the policy, or any other person designated as the person to receive pre notices, as shown by the records of the insurance company.
(3) The affidavit of any responsible officer, clerk, or agent of th insurance company authorized to mail the notice that it is the standard practice of the company to mail to policyowners the notice required by this section is prima facie evidence that the notice ha been duly given.
(4) No action may be maintained to recover under a lapsed or forfei policy on the ground that the insurance company failed to comply wi this section unless the action is instituted within 2 years from th due date upon which default was made in paying the premium, install or interest for which lapse or forfeiture is claimed.
(5) This section does not apply to:
(a) group or group-type policies;
(b) industrial life or industrial disability policies;
(c) policies upon which premiums are payable monthly or at more frequent intervals; or
(d) policies for which the premiums are billed to and payable through an employer."

Renumber: subsequent sections

3. Page 2, lines 13 through 15
Strike: subsection (2) in its entirety

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 21, 1985

The forty-third meeting of the Business & Industry Committee met on March 21, 1985 in Room 410 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: The members of the committee were all present except for Senator Neuman who was excused.

CONSIDERATION OF HOUSE BILL 567: Representative James Schultz, House District #30, Lewistown, is the chief sponsor of this measure which would require life and disability insurance companies to send written cancellation notices before cancelling a policy for nonpayment of premiums. He had talked with several constituents and felt this was a problem that needed to be addressed. He noted this is patterned after model legislation passed in 16 states. (EXHIBIT 1)

PROPONENTS: There were none.

OPPONENTS: There were none.

Questions were then called for. Senator Halligan wondered just which policies this measure would cover and was told by Rep. Schultz policies that were primarily annual premiums. He felt it would affect 10 to 25% of the total policies that are currently issued. He was concerned about the 6 month hospital insurance policies but felt that they could not be addressed in this act.

Senator Thayer wondered if there was a way of giving notice on policies that are paid on a monthly basis. He felt the bill should stipulate that in no event can any policy be cancelled without some notification. Rep. Schultz stated he would support any efforts to check into this situation further. He then closed the hearing on House Bill 567.

CONSIDERATION OF HOUSE BILL 606: Representative Bud Campbell, House District #48, Deer Lodge, is the chief sponsor of this measure which he noted was done upon the request of the Department of Justice, Motor Vehicle Division. It would revise and clarify the laws pertaining to the sale and distribution of motor vehicles, establish administrative penalties and amend some sections of the current law. He explained that current law requires a motor vehicle dealer to have a sign indicating the firm name and headquarters at the principal place of business. However this can be confusing when the dealer has a completely different type of business at that location such as a motel or a restaurant. He felt it was reasonable to have a sign to indicate that a dealer has autos for sale. He indicated too that the bill would clearly authorize the divison to check dealer records to insure compliance with the law.

PROPONENTS: Larry Majerus, Administrator of the Motor Vehicle

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985 Date 3/21/85

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	E		
Senator Thayer	X		
Senator Williams	X		
Senator Weeding	X		

Each day attach to minutes.

EXHIBIT 1
BUSINESS & INDUSTRY
March 21, 1985

Mr. Chairman and Members of the Committee

For the record, my name is James Schultz, Rep.-Dist. 30-Lewistown.

Members of the committee.

House Bill 567 addresses a problem of several senior citizens in my district. That problem is having insurance policies cancelled on little ~~brief~~ notice or short notice.

I realize that as we age we may not be as sharp as we were at a younger age and notices may go unnoticed or not paid promptly.

I have no vested interest in the manner that I have placed in this bill regarding proper notice to policy holders. But I can tell you of the devastating effect a policy cancellation has on someone over 60 years of age.

In many cases they have health conditions that developed in later years. Diabetes, high blood pressure and various and sundry other health problems.

In order for these people to be reinsured they must pass a physical examination - this they cannot do - or they can purchase insurance with either a 1 or 2 year preexisting condition clause, which does them very little good.

This is a Good Guy Bad Guy bill. I believe that most insurance companies are honorable, responsible businesses and I am not casting any aspersions on the good guys but lets look at the facts - when you consider the age of the policy holder the insurance company is actuarily better off without the older policy holder.

All we are asking for is a reasonable process before the insurance is cancelled.

language. He noted they had received a tax cut through litigation which in turn helps their profit margin. He noted there is a whereas that says that any reduction in Montana coal severance tax could be absorbed by Burlington Northern.

PROPONENTS: There were none.

OPPONENTS: James Mockler, Executive Director of the Montana Coal Council, objects to parts of the resolution particularly the part dealing with the 4.3% in coal freight rates. He feels this does not apply in all cases and is therefore not true. He does not feel that any reduction in Montana coal severance tax could be absorbed by Burlington Northern either. They would try to show any restraint they possibly could. He turned in an exhibit of three letters. (EXHIBIT 8)

John Etchart, Vice-President of government relations here in Helena for Burlington Northern, feels there are two sides to the situation. He distributed a brochure of Burlington Northern which explains the myth that BN could absorb most of the tax reductions in Montana's coal tax by increasing rates and the myth that BN charges less to haul coal from Wyoming than from Montana. (EXHIBIT 9) He also distributed a newspaper clipping of a recent article in the Billings Gazette. (EXHIBIT 10) He feels they are very aware of the current situation and that a resolution is unnecessary.

Questions from the committee were then called for. Senator Thayer asked John Etchart how many people were involved at Burlington Northern just in the marketing of coal. He did not the exact figure but stated it was a large department of BN. He felt these resolutions were predicated because the state felt there was no competition for freight and he felt this was not true.

Senator Gage wondered if the rates that are charged for coal were also confidential as the wheat rates are and was told they were. Senator Christiaens wondered if a reduction would have a significant difference in freight costs and was told they felt they would. He felt it was frustrating that the freight rates were confidential however so you really cannot check on them.

Representative Menahan stated there are varying prices from Minnesota to Montana for agricultural products. He feels we have a short supply of bidders to render the service of freight hauling. He feels the message is that we should have some cooperation from the business sector to help promote our Montana products. The hearing was closed on HJR 39.

DISPOSITION OF HOUSE BILL 567: Senator Halligan noted that an effort was being made to put language back into the bill that would provide that a written notice be sent when a policy is cancelled. As a result some of the original language had been reinserted. He wondered if anyone felt that more policies should be included. Senator Christiaens did not see the need

for notification in some cases. Lester Loble told Senator Goodover that he had had some concerns at first but had no problems with the bill the way it is being proposed now.

Senator Thayer MOVED TO KEEP THE LANGUAGE FROM THE WHITE COPY OF THE BILL IN SECTIONS 1 AND 2. This motion carried.

Senator Thayer then MOVED TO CHANGE THE WORD REASONABLE TO RESPONSIBLE ON PAGE 3, LINE 7. This motion carried.

Senator Christiaens then MOVED THAT HOUSE BILL 567 BE CONCURRED IN AS AMENDED. The motion carried.

CONSIDERATION OF HOUSE BILL 338: The committee had been given a gray bill with all the amendments being proposed to House Bill 338. Two letters of opposition had been received and were distributed. (EXHIBIT 11) Mary McCue explained there is now a provision to allow a person to sell for a limited time only other kinds of insurance. There is also the removal of the franchise relationship. She noted that the fee situation was covered in a different statute. It was noted there was one opponent Teddi Annear from Bozeman.

The committee decided to wait for more information before taking final consideration.

The meeting was adjourned at noon.

SENATOR MIKE HALLIGAN, Chairman

cd

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985 Date 3/26/85

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		
Senator Weeding	X		

Each day attach to minutes.

STANDING COMMITTEE REPORT

MARCH 26 19 85

MR. PRESIDENT

We, your committee on BUSINESS & INDUSTRY

having had under consideration HOUSE BILL No. 567

third reading copy (blue color)

REQUIRE WRITTEN NOTICE OF CANCELLATION OF LIFE & HEALTH INSURANCE POLICIES (Thayer)

Respectfully report as follows: That HOUSE BILL No. 567

be amended as follows

Following: line 12, page 1
Strike: everything after the enacting clause and insert:.

"Section 1. Notice required for cancellation. No insurer may cancel a life insurance policy, certificate of insurance, or annuity for nonpayment of premiums until the insurer has mailed or delivered to the named insured at the address shown in the policy one written notice of cancellation in addition to any billing statement, stating the date the cancellation will become effective, which may not be less than 30 days after the date of mailing or delivery of the notice.

Section 2. Contents of notice--proof--limitation on recovery--exemptions.

(1)(a) The notice of cancellation shall state:

(i) the amount of the premium, installment, or interest due on such policy;

(ii) the place where it must be paid; and

(continued)

~~DO PASS~~

~~DO NOT PASS~~

Chairman.

(iii) the name and address of the person or company to which the premium is payable.

(b) the notice must also state that unless the premium or other sums are paid to the company or its agent, the policy will lapse or be forfeited, except as to any nonforfeiture options provided for by a life insurance policy.

(2) "Policyowner", as used in this section, means the owner of the policy, or any other person designated as the person to receive premium notices, as shown by the records of the insurance company.

(3) The affidavit of any responsible officer, clerk, or agent of the insurance company authorized to mail the notice that it is the standard practice of the company to mail to policyowners the notice required by this section is prima facie evidence that the notice has been duly given.

(4) No action may be maintained to recover under a lapsed or forfeited policy on the ground that the insurance company failed to comply with this section unless the action is instituted within 2 years from the due date upon which default was made in paying the premium, installment, or interest for which lapse or forfeiture is claimed.

(5) This section does not apply to:
(a) group or group-type policies;

(b) industrial life or industrial disability policies;

(c) policies upon which premiums are payable monthly or at more frequent intervals; or

(d) policies for which the premiums are billed to and payable through an employer.

Section 3. Notice required for cancellation. No insurer may cancel a disability insurance policy or certificate of insurance for nonpayment of premiums until the insurer has mailed or delivered to the named insured at the address shown in the policy one written notice of cancellation in addition to any billing statement, stating the date the cancellation will become effective, which may not be less than 30 days after the date of mailing or delivery of the notice.

(continued)

Section 4. Contents of notice--proof--limitation on recovery--exemptions.

(1)(a) The notice of cancellation shall state:

(i) the amount of the premium, installment, or interest due on such policy;

(ii) the place where it must be paid; and

(iii) the name and address of the person or company to which the premium is payable.

(b) The notice must also state that unless the premium or other sums are paid to the company or its agent, the policy will lapse or be forfeited.

(2) "Policyowner", as used in this section, means the owner of the policy, or any other person designated as the person to receive premium notices, as shown by the records of the insurance company.

(3) The affidavit of any responsible officer, clerk, or agent of the insurance company authorized to mail the notice that it is the standard practice of the company to mail to policyowners the notice required by this section is prima facie evidence that the notice has been duly given.

(4) No action may be maintained to recover under a lapsed or forfeited policy on the ground that the insurance company failed to comply with this section unless the action is instituted within 2 years from the due date upon which default was made in paying the premium, installment, or interest for which lapse or forfeiture is claimed.

(5) This section does not apply to:

(a) group or group-type policies;

(b) industrial life or industrial disability policies;

(c) policies upon which premiums are payable monthly or at more frequent intervals; or

(continued)

(d) policies for which the premiums are billed to and payable through an employer.

Section 5. Extension of authority. Any existing authority of the commissioner of insurance to make rules on the subject of the provisions of this act is extended to the provisions of this act.

Section 6. Codification instruction. (1) Section 1 and 2 are intended to be codified as an integral part of Title 33, chapter 20, part 1, and the provisions of Title 33, chapter 20, apply to sections 1 and 2.

(2) Sections 3 and 4 are intended to be codified as an integral part of Title 33, chapter 22, part 1, and the provisions of Title 33, chapter 22, apply to sections 3 and 4."

AND AS AMENDED
BE CONCURRED IN

Sen. Mike Halligan